

South Ayrshire Health and Social Care Partnership

REPORT

Meeting of South Ayrshire Health and Social Care Partnership	Integration Joint Board
Held on	25th March 2020
Agenda Item	6
Title	IJB BUDGET 2020-21
Summary:	
To update the IJB on the delegated funding, service budget pressures and efficiency proposals to set a balanced budget for 2020-21.	
Presented by	Chief Finance Officer
<p>Action required:</p> <ul style="list-style-type: none"> (i) approves the proposed Integrated budget for 2020-21 for South Ayrshire Health and Social Care Partnership in Appendix A. (ii) agrees the proposed pressures included in Appendix B. (iii) agrees the efficiency proposals not previously approved included in Appendix C. (iv) agrees the proposed increase to providers to pay the Living Wage in section 4.8. (v) notes the service developments detailed in Appendix D. (vi) notes that the Chief Officer will produce detailed Directions to South Ayrshire Council and NHS Ayrshire and Arran based on approval of the budget proposals . (vii) notes the budget has been developed as “business as usual”, current developments in relation to COVID-19 will incur significant additional costs, these costs will ultimately be covered by government. (viii) notes the risks to achieving the proposals set out in the budget as a result of operations focussing on mobilisation plans for COVID-19. 	

Implications checklist – check box if applicable and include detail in report									
Financial	<input checked="" type="checkbox"/>	HR	<input checked="" type="checkbox"/>	Legal	<input checked="" type="checkbox"/>	Equalities	<input type="checkbox"/>	Sustainability	<input type="checkbox"/>
Policy	<input type="checkbox"/>	ICT	<input type="checkbox"/>						

Directions required to NHS Ayrshire & Arran South Ayrshire Council, or both	1. No Direction Required	<input type="checkbox"/>
	2. Direction to NHS Ayrshire and Arran	<input type="checkbox"/>
	3. Direction to South Ayrshire Council	<input type="checkbox"/>
	4. Direction to NHS Ayrshire and Arran and South Ayrshire Council	X

**SOUTH AYRSHIRE HEALTH AND SOCIAL CARE PARTNERSHIP
INTEGRATION JOINT BOARD
25th March 2020
Report by Director of Health & Social Care**

IJB BUDGET 2020-21

1. PURPOSE OF REPORT

- 1.1 To update the IJB on the delegated funding, service budget pressures and efficiency proposals to set a balanced budget for 2020-21.

2. RECOMMENDATION

2.1 It is recommended that the Integration Joint Board:-

- (i) approves the proposed Integrated budget for 2020-21 for South Ayrshire Health and Social Care Partnership in Appendix A.**
- (ii) agrees the proposed pressures included in Appendix B.**
- (iii) agrees the efficiency proposals not previously approved included in Appendix C.**
- (iv) agrees the proposed increase to providers to pay the Living Wage in section 4.8.**
- (v) notes the service developments detailed in Appendix D.**
- (vi) notes that the Chief Officer will produce detailed Directions to South Ayrshire Council and NHS Ayrshire and Arran based on approval of the budget proposals .**
- (vii) notes the budget has been developed as “business as usual”, current developments in relation to COVID-19 will incur significant additional costs, these costs will ultimately be covered by government.**
- (viii) notes the risks to achieving the proposals set out in the budget as a result of operations focussing on mobilisation plans for COVID-19.**

3. BACKGROUND INFORMATION

- 3.1 The Health Board and Local Authority will delegate function and make payments to the Integrated Joint Board (IJB) in respect of those functions as set out in the Integration Scheme. In addition the Health Board will also “set aside” an amount in respect of acute services.
- 3.2 The IJB is a legal entity in its own right and is expected to operate under public sector best practice governance arrangements. The budget delegated by the Parties is used by the IJB to direct the two partner organisations to deliver health and social care services on behalf of the IJB. Whilst the principles of funding made available by the Parties is set out in the Integration

Scheme, utilisation of the total funding delegated by the Parties to the IJB is a matter for the IJB itself to determine in line with its priorities.

- 3.3 The budget for 2020-21 has been created in line with the Strategic Plan priorities and the previously approved Older People's Whole System Redesign and Children and Families Transformation Proposals.
- 3.3 The budget proposals have been developed through the budget working group meetings, and further meetings with SAHSCP Chief Officer, Heads of Services and Service Managers of both the Council and NHS. There has been full oversight of the development of the proposals in this paper by the IJB Budget Working Group.

4.0 REPORT

- 4.1 This report details the allocations from South Ayrshire Council and NHS Ayrshire and Arran for the following financial year. The report states the financial pressures facing the HSCP, and the evident budget gap along with efficiency proposals to ensure a balanced budget for 2020-21. The budget for South Ayrshire Council was set on 5th of March 2020, and delegated funding approved. NHS Ayrshire and Arran will set their budget on the 30th March 2020. Any changes that affect the Partnership budget as a result from the NHS budget setting, will mean the budget plans will need to be reviewed and revised.

4.2 National Position – Scottish Government Funding

- 4.2.1 The Scottish Government published its Medium Term Health and Social Care Financial Framework in October 2018. This looked at current Health and Social Care expenditure, future demand, the future shape of health and social care expenditure and reforming health and social care.
- 4.2.2 The focus of the financial framework is in the main health and social care expenditure commitments, as set out below:
- Baseline allocations to frontline Health Boards will be maintained in real terms with additional funding over and above inflation being allocated to support the shift in the balance of care.
 - Over the course of the next five years, hospital expenditure will account for less than 50% of frontline NHS expenditure. This relates to the policy commitment to 'shift the balance of care' with a greater proportion of care provided in a setting close to a person's home rather than in a hospital.
 - Funding for primary care will increase to 11% of the frontline NHS budget by 2021-22. Half of this will be invested directly into GP services with the remainder in primary care services provided in the community; and
 - The share of frontline NHS budget dedicated to mental health, and to primary, community and social care will increase every year of the parliament. These services are managed by Integration Authorities.

4.3 Finance Settlement Conditions 2020-21

4.3.1 The Scottish Government local finance settlement was announced on the 6th of February, as was an indicative allocation for Health Boards. Currently these allocations are only provisional until approval on 30th March 2020.

4.3.2 The levels of funding delegated to Integrated Joint Boards in 2020-21, came with the following requirements:-

- £100m to be transferred from the health portfolio to the Local Authorities in-year for investment into health and social care and mental health services that are delegated to Integrated Authorities under the Public Bodies (Joint Working) (Scotland) Act 2014. This investment includes supporting the delivery of the living wage (£25m), uprating of Free Personal and Nursing Care payments (£2.2m), implementation of the Carers (Scotland) Act 2016 (£11.6m) and funding for the school counselling services (£4m).
- This funding allocated to Integration Authorities is additional and not substitutational to each Councils 2019-20 recurring budgets for social care services that are delegated. This means that when taken together, Local Authority social care budgets for allocation to Integrated Authorities (plus those retained for non-delegated social care function) and funding for school counselling services must be £100m greater than 2019-20 recurrent budgets.
- In 2020-21, NHS payments to Integrated Authorities must provide an uplift of at least 3% over 2019-20 agreed recurring budgets.

4.3.3 Subsequent to the initial announcement, on the 28th of February the Scottish Government agreed flexibility will be available to Local Authorities to offset their adult social care allocations to Integration Authorities by up to 2% and a maximum of £50 million in 2020-21 based on local needs.

4.4 Funding Allocations from South Ayrshire Council

4.4.1 On 5th March 2020, South Ayrshire Council approved their budget and agreed not to apply flexibility, therefore passing through £2.379m or 3.3% of the 19/20 baseline budget. The Council chose not to exercise the option of reducing the budget by 2%.

4.4.2 The table below, details the breakdown of the Scottish Government allocation and the delegated budget for 2020/21 from South Ayrshire Council including the delegated Scheme of Assistance funding of £0.773m.

South Ayrshire Council	£m
2019-20 Baseline Budget	72.190
Criminal Justice Specific Grant	2.000
Add SG Allocation:-	
HSC general integration increase	1.413
Contribution to the real Living Wage	0.617
Carers Act increase	0.286
Free personal and nursing care increase	0.090
Other settlement reductions	(0.027)
Total Funding Contribution	2.379
Add Scheme of Assistance	0.773
2020-21 Delegated Budget	77.342

4.5 Funding Allocation from NHS Ayrshire and Arran

- 4.5.1 The Scottish Government letter states that NHS payments for 2020/21 for delegated health functions must deliver an uplift of at least 3% over 2019/20 recurring budgets.
- 4.5.2 A request has been made to NHS AA for £1.987m, this is £1.436m for the managed services allocated to SACHSP and the balance for the Lead Partnership services delegated to North and East Health and Social Care Partnerships. This has been confirmed with Director of Finance NHS Ayrshire and Arran.
- 4.5.3 As in budget approval reports for previous financial years, the NHS delegated budget is presented on a managed funding basis with services managed under lead partnership and hosted services included within their allocated resources. Development of lead partnership and hosted services fair share is underway as part of Pan-Ayrshire project in developing Directions for 2020/21 in partnership with the Scottish Government.
- 4.5.4 The determination of the appropriate managed budget, has been agreed with Ayrshire Finance leads and the Health Board Director of Finance as shown below:-

NHS Ayrshire and Arran	£m
2019-20 Baseline Budget	87.327
Less Non recurring	
Prescribing (NHS A & A responsibility)	(23.423)
Primary Care (GMS (separate funding uplifts))	(14.721)
In Year allocations - ADP, Family Nurse Partnership and Winter Plan	(1.194)
Non Recurring funding for Biggart Hospital	(0.740)
Community Store	0.630
Managed Budget	47.880
3% Uplift on Managed Budget	1.436
2020-21 Delegated Budget	88.763

4.6 2020-21 Total Integrated Budget

4.6.1 The total Integrated budget for South Ayrshire Health and Social Care Partnership is expected to be £166.105m (excluding Set Aside Budget). The proposed integrated budget is included in Appendix A.

	SAC	NHS AA	Total
	£m	£m	£m
20-21 Total Budget			
Baseline Budget	74.190	87.327	161.517
Add Scheme of Assistance	0.773		0.773
SG Funding Allocation	2.379	1.436	3.815
2020/21 Budget Excluding Set Aside	77.342	88.763	166.105

4.7 Indicative Funding Gap

4.7.1 The total delegated funding increase for 2020/21 to the IJB is £3.815m. Pressures of £7.007m are anticipated for pay awards, the living wage, demographic changes and transformation. The effect of additional demand pressures particularly within older people services has resulted in increasing the efficiencies required to balance the budget. From the table below there is £3.191m efficiencies required in order to balance the budget.

	SAC	NHS A & A	Total
	£m	£m	£m
Funding Increase Delegated from Partners	2.379	1.436	3.815
Pressures to be Funded	5.190	1.817	7.007
Total Efficiencies Required	2.811	0.381	3.191

4.8 Proposed Pressures

4.8.1 Proposed budget pressures took account of historic demand pressures and future demand and costs. As per the integration scheme pay awards and contractual pressures must be funded.

4.8.2 Pressures are categorised as shown below. Full details of pressures proposed by service category for 20-21 are shown in Appendix B.

Type of Pressure	Social Care (SAC) £m	Health (NHS A & A) £m	TOTAL £m
Demand/Demographic	1.001	0.155	1.156
Pay Award	0.898	1.524	2.422
Inflation/Contractual	3.072	-	3.072
Lead Partnership	-	0.138	0.138
Transformation	0.219	-	0.219
TOTAL PRESSURES	5.190	1.817	7.007

4.8.3 The current resources available within the community care and health budget are not sufficient to meet the demand from acute hospital and the community, resulting in delayed discharges and increases in unscheduled care. This has been highlighted in the Older People Whole Systems Redesign report.

4.8.4 Pay award within the Council has been set at 3%, the NHS pay award increased by 5.76% as a result of aligning the payroll establishment budget to actual salary costs as per the Agenda for Change. The significant increase will be netted off with an increase in turnover included within the efficiencies proposals.

4.8.5 Inflation and contractual pressures include an increase in the Living Wage from £9 per hour to £9.30 per hour passed on to providers and recipients of direct payments. The proposed uplift for 2020/21 includes £0.50 uplift to each rate, as detailed in table below, for approval.

Type of Care	2019/20	2020/21	% Uplift
Care at Home	£16.34	£16.84	3.06%
Housing Support	£16.60	£17.10	3.01%
Sleepovers	£10.95	£11.45	4.57%
Direct Payment - Personal Assistant	£11.98	£12.38	3.34%

4.8.6 In 2018/19 the partnership overspent by £3.278m on the Council side of the delegated budget. This was agreed to be paid back over 4 financial years. However in 2019/20, in order to bring the expenditure back in line with budget, the Leadership Panel agreed we could realign the debt and pay back over 3 financial years. This increases the annual debt repayment by £0.273m.

4.8.7 Lead Partnership pressures recognise the IJB's contribution towards pressures faced for services led by East or North. These pressures have been agreed with the Ayrshire Finance Leads with an agreement that the IJB's have a shared responsibility to fund.

4.9 Pressures inherent in 2019/20 Budget

4.9.1 During 2019/20 there was a redesign and reconfiguration of the use of Biggart Hospital the result of which 12 beds transferred from Biggart Hospital to the community. Funding of £240k for these beds is now included in the care home budget. The redesign then left 71 beds in Biggart Hospital, however due to the pressures in acute NHS provided additional funding of £0.3m to return the hospital to 83 beds. The projected overspend at 31st January is £0.908m. At the 2nd of March there were 27 Delayed Discharges at Biggart, 16 of which were delayed for over 2 weeks. Many patients require enhanced nursing care which is extremely expensive.

4.9.2 The current 2019-20 budget of £4.159m is sufficient to afford 68 beds at a cost of £0.062m per bed, this is based on current spend and use to date in 2019/20.

4.10 Proposed Efficiencies

4.10.1 Efficiencies have been developed in line with SAHSCP strategic priorities, with a particular focus on shifting care from residential and acute hospital settings to the community for Adults and Children's services. Full details of proposed efficiencies by service category for 20-21 are shown in Appendix C.

4.11 Service Development Plans

4.11.1 During the year various reports have been presented to the Integrated Joint Board detailing the service developments either in progress or planned to meet the overall Strategic Priorities of the Health and Social Care Partnership. The proposed budget for 20-21 will enable these priorities to be met. See Appendix D for more detail on service development plans.

4.12 Set Aside Budget

4.12.1 The Set Aside budget represents the direct cost of six specialities and is focussed on unscheduled activity. The six areas are Accident and Emergency, General Medicine, Geriatric Medicine, Respiratory Medicine, Rehabilitation Medicine and certain GP non elective activity.

4.12.2 In 2018/19 South Ayrshire used £0.5 million more than its “fair share” of the Set Aside Budget. This was due to an increase in bed use at Ayr Hospital as a result of demands in unscheduled care.

4.12.3 Unscheduled care is a key focus for development to align the “fair shares” along with other acute specialities in the community not included in the set aside budget. The Scottish Government Medium Term Financial Framework includes an assumption of efficiencies from reduced variation in hospital to enable a 50% reinvestment in the community to sustain improvement. The Three Ayrshire HSCP’s are working in partnership with the Scottish Government to develop Fair Share alongside Directions in 2020-21.

5.0 STRATEGIC CONTEXT

5.1 The IJB is expected to operate within the resources available. This report contributes to the IJB Strategic Objective to manage our resources effectively, making best use of our integrated capacity.

6.0 RESOURCE IMPLICATIONS

6.1 Financial Implications

6.1.1 The report outlines delegated funding and the pressures required to be met from the within the overall integrated budget. It is estimated there are £3.191m of savings to be achieved in 2020-21 alongside managing known pressures inherent in 2019-20. There is also risk of managing demand in services. The plans outlined in this report allow for a balanced financial position to be approved.

Appendix A shows the total 2020-21 IJB Budget
Appendix B details the proposed pressures
Appendix C details the proposed efficiencies
Appendix D details the Service Developments

6.2 Human Resource Implications

- 6.2.1 The proposals include a number which are likely to have HR implications.
- 6.2.2 Pressure P-2020-21-19 includes investment in additional Speech and Language Therapists to enhance provision in Children's Services.
- 6.2.3 Pressure P-2020-21-7 seeks the creation of 3 permanent staff within adult services to ensure compliance with statutory requirements to review care packages.
- 6.2.4 Pressure P-2020-21-06 includes the proposal to see agreement to 15 FTE staff moving from mainstream care at home to the Reablement team. There will be full consultation with Trade Unions and at least 5 workplace meetings are to be arranged. In the initial discussions with Trade Unions the service confirmed that no staff will be compelled to move to the Reablement team if they did not wish to do so. Vacant posts would be moved within the structure to facilitate the move and would provide development opportunities for staff.

6.3 Legal Implications

- 6.3.1 The contents and recommendations contained in this report are designed to meet the requirements of Section 39 of the Public Bodies (Joint Working) (Scotland) Act 2014.
- 6.3.2 Statutory Guidance on Directions was issued in January 2020, this sets out the requirement of Integrated Authorities to set Directions to the Health Board and Local Authority. Directions are the means by which an IJB tells the Health Board and Local Authority what is to be delivered using the integrated budget and for the IJB to improve the quality and sustainability of care, as outlined in its strategic plan. Directions will be provided for each delegated functional area for 2020-21 in due course, following approval of the IJB Budget 2020-21.

7.0 CONSULTATION AND PARTNERSHIP WORKING

- 7.1 The content of this report follows service redesign and transformation reports already approved by the IJB and Council. The creation of the budget was developed in partnership with the members of the budget working group alongside Heads of Service and Senior Managers within Council and NHS, and presented to the Voting members of the IJB for consultation before publication.

8.0 RISK ASSESSMENT

- 8.1 For the forthcoming financial year there are continuing risks in both Council and NHS services. These risks include pressures from demand impacted by demographic changes resulting in an increase in unscheduled care and delayed discharges. The 2020-21 budget proposals, based on business as usual, support managing these risks through investment in older peoples services. During the year regular financial and performance reports will assess progress in service development plans, highlighting any deviations from budget, these will be managed in accordance with the Risk Management Strategy.

- 8.2 The developing issues in relation to COVID-19 and the pressures this will ultimately have on the health and social care resources, represents a significant risk to the IJB and wider economy going forward. Additional reporting will be developed to monitor the situation and the impact this will have on the proposed budget for 2020-21.

9.0 EQUALITIES IMPLICATIONS

- 9.1 An Equalities impact assessment has been undertaken for the overall budget 2020-21.

10.0 SUSTAINABILITY IMPLICATIONS

- 10.1 There are no environment and sustainability implications or issues arising from the approval of this report by the IJB.

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BACKGROUND PAPERS

None

19th March 2020